

REFERENCE TITLE: credit unions; loans; prepayment penalties

State of Arizona  
House of Representatives  
Forty-eighth Legislature  
First Regular Session  
2007

# HB 2478

Introduced by  
Representative Adams

AN ACT

AMENDING SECTION 6-561, ARIZONA REVISED STATUTES; RELATING TO CREDIT UNION  
LOANS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 6-561, Arizona Revised Statutes, is amended to  
3 read:

4 6-561. Purpose and conditions of loans; prepayment penalties

5 A. A credit union may make loans, including lines of credit, to  
6 members for the purposes and on the conditions as the bylaws provide. The  
7 board of directors shall establish written policies with respect to the  
8 granting of loans including the terms, conditions and acceptable forms of  
9 security.

10 B. No person, except another credit union, may become indebted,  
11 directly or indirectly, to the credit union for more than ten per cent of the  
12 credit union's capital or two hundred dollars, whichever is greater. This  
13 limit does not apply to loans which are fully secured by assignment of share  
14 or deposit accounts in the credit union.

15 C. An application for a loan shall state the security and other  
16 information required by the credit committee or credit manager. Each loan  
17 shall be evidenced by a written document.

18 D. A member may repay a loan or outstanding balance on a line of  
19 credit prior to maturity in whole or in part on any business day without  
20 penalty. PREPAYMENT PENALTIES MAY BE CHARGED ON MEMBER BUSINESS LOANS AS  
21 DEFINED BY THE NATIONAL CREDIT UNION ADMINISTRATION IN 12 CODE OF FEDERAL  
22 REGULATIONS SECTION 723.1.